REMARKS

Claims 1-21 have been examined and claims 1-7, 9-13, and 15-21 remain in the Application. Claims 1-2, 5, 9, and 15 are amended. New claims 22 and 23 are added. Claims 8 and 14 are cancelled. Claims 15-21 are rejected under 35 U.S.C. § 112, second paragraph. Claims 1-21 have been rejected under 35 U.S.C. § 103(a).

A.   35 U.S.C. § 112, Second Paragraph: Rejection of Claims 15-21

The United States Patent and Trademark Office ("USPTO") rejects claims 15-21 under 35 U.S.C. § 112, second paragraph, as indefinite. Applicants amended independent claim 15 to address the specific concerns raised by the USPTO. Applicants respectfully request withdrawal of the rejection to independent claim 15 under 35 U.S.C. § 112, second paragraph. Since claims 16-21 depend directly or indirectly from independent claim 15, these dependent claims contain at least the limitations of claim 15. Accordingly, dependent claims 15-21 are also sufficiently definite. Withdrawal of the rejection to claims 16-21 under 35 U.S.C. § 112, second paragraph, is requested.

B.   35 U.S.C. § 103(a): Rejection of Claims 1-7, 9-13 and 15-21

1.   Franklin

Claims 1-7 are rejected under 35 U.S.C. § 103(a) as unpatentable based upon U.S. Patent No. 6,055,518, issued to Franklin (*"Franklin"*). *Franklin* relates to an auction system in which bidders send secret bids to an auction server. *Franklin*, col. 2, lines 22-25. The cryptographic techniques ensure that the auction house and the bidders are protected against malicious acts of others. *Franklin*, col. 2, lines 28-37. Nowhere in *Franklin* does it teach or suggest "wherein the bid transformer implements one of predetermined discriminating allocation market protocols and arbitrarily established discriminating allocation market protocols" as in claim 1, lines 7-9 of the marked-up claims. Accordingly, claim 1 is not obvious based upon

Franklin. Since claims 2-7 depend directly or indirectly from claim 1, these dependent claims contain at least the limitations of claim 1; therefore, claims 2-7 are also not obvious based upon *Franklin*. Withdrawal of the rejections under 35 U.S.C. § 103(a) to claims 1-7 is respectfully requested.

Additionally, new claim 22 that replaces cancelled claim 8 is also not obvious based upon *Franklin* because *Franklin* fails to teach or suggest "a bid transformer that implements arbitrarily established discriminating allocation market protocols" as in claim 22, lines 2-3. Withdrawal of the rejection to new claim 22 under 35 U.S.C. § 103(a) is requested. Since claims 9-13 depend directly or indirectly from claim 22, claims 9-13 include at least the limitations of claim 22. Therefore, claims 9-13 include at least the limitations of claim 22. Therefore, claims 9-13 are not obvious based upon *Franklin*. Withdrawal of the rejection to claims 9-13 under 35 U.S.C. § 103(a) is respectfully requested.

2. Franklin in view of Minton

Claims 8-21 are rejected under 35 U.S.C. § 103(a) as being unpatentable over *Franklin* in view of U.S. Patent No. 6,014,643 issued to Minton ("*Minton*"). New claim 22 replaces claim 8. *Minton* relates to a securities trading system implemented over a network such as the Internet that allows individuals to purchase and sell securities. *Minton* fails to teach or suggest the "bid transformer implements arbitrarily established discriminating allocation market protocols" as in new claim 22, lines 2-3 or "wherein the bid transformation is based upon one of predetermined discriminating allocation market protocols and arbitrarily established discriminating allocation market protocols" as in claim 15, lines 10-11. Since claims 9-13 depend directly or indirectly from claim 22, these claims contain at least the limitations of claim 22. Therefore, claims 9-13 are not obvious based upon *Franklin* in view of *Minton* for at least the reason that claim 22 is not obvious. Additionally, claims 16-21 depend from claim 15 and include at least the limitations of claim 15; therefore,

claims 16-21 are also not obvious. Withdrawal of the rejection of claims 9-13 and 15-21 under 35 U.S.C. § 103(a) is requested.

C.   Claim Amendments

No new matter has been added. Support for the amendment to new claim 22 is found in the Specification at page 7, lines 1-5.

Attached hereto is a marked-up version of the changes made to the specification and claims by the current amendment. The attached page is captioned "VERSION WITH MARKINGS TO SHOW CHANGES MADE".
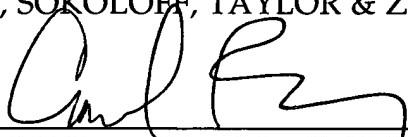
CONCLUSION

In view of the foregoing, it is believed that all claims now pending are now in condition for allowance and such action is earnestly solicited at the earliest possible date. If there are any fees due in connection with the filing of this response, please charge those fees to our Deposit Account No. 02-2666. If a telephone interview would expedite the prosecution of this Application, the Examiner is invited to contact the undersigned at (310) 207-3800.
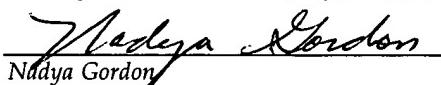
Respectfully submitted,

BLAKELY, SOKOLOFF, TAYLOR & ZAFMAN LLP

Dated: 5/14/01   By: _____
Carol F. Barry; Reg. No. 41,600

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Attachment: VERSION WITH MARKINGS TO SHOW CHANGES MADE

IN THE BRIEF DESCRIPTION OF THE DRAWINGS

The Brief Description of the Drawings has been amended as follows:

Figure 1A is a block diagram illustrating a universal auction specification system in accordance with one embodiment of the invention;

Figure 1B is a block diagram illustrating modules in a programmable auction server in accordance with one embodiment of the invention;

Figure 2 is a block diagram of the programmable auction server in accordance with one embodiment of the invention;

Figure 3 is a flow diagram illustrating the bidding process in accordance with one embodiment of the invention;

Figure 4 illustrates a block diagram of a three-tiered architecture of a universal auction specification system in accordance with one embodiment of the invention; and

Figure 5 illustrates a three-tiered architecture of a universal auction specification system implementing techniques of the invention.

IN THE SPECIFICATION

The paragraph on page 5, line 15, beginning with "**Figures 1A** through **1B**" has been amended as follows:

Figures 1A through **1B** [show] <u>illustrate</u> various embodiments of the invention in which a universal auction specification system of the invention may include a variety of components such as a Market Specification Console ("MSC")

110, a Universal Trading Console ("UTC") 120, a Universal Surveillance Console ("USC") 130, a Market Administration Console ("MAC") 150, PAS 140, web server(s) 162, databases (112, 136), firewalls 164, and a communication network 160 and 161 linking various components. These components may be stored or operated in a single computer system or in a plurality of computer systems connected by a network.

The paragraph on page 7, line 21, beginning with "PAS 140 includes" has been amended as follows:

PAS 140 includes a computer that runs a computer program that may accept multiple market protocols submitted to it from an MSC 110 and execute multiple market protocols (*e.g.*, opening auctions, admitting or rejecting bids, clearing prices, notifying traders of market events, and closing auctions). More specifically, PAS 140 employs several modules to control the market operation. Modules such as bid verifier, release information manager, and clearer assist in managing the market by processing incoming bids, responding to queries, maintaining market state (*e.g.*, tracking bids, etc.), and reporting results to traders and optionally to non-traders. Through these modules, various transactions may be performed such as bid verification (*e.g.* does a bid from a trader qualify as a "bid" under the rules), release of information (*e.g.*, show all the current bids), a clear (*e.g.* clear the prices or bids), registration of information (*e.g.* name and phone number of the trader), and a bid transformation. In the preferred embodiment, various components are organized into a complete system through a 3-tier architecture bounded by double firewalls 164 as shown in **Figure 1A.**

Located between firewalls 122 is database 112 which is, for example, one or more large structured sets of data typically associated with software to update and query the data. Database 112, a front-end database, is connected to web server(s) 162 that form the interface between a user and the back-end of a universal auction specification system.

The paragraph on page 22, line 10, beginning with "**Figures 2 and 3**", has been amended as follows:

[**Figures**] **Figure** 2 [and 3 schematically show one embodiment of the invention in which several of] illustrates a block diagram of modules in PAS 140 and **Figure 3** illustrates a flow diagram of a bidding process that use modules in PAS 140 in accordance with one embodiment of the invention [the modules are shown]. Here, a bid (*e.g.* $100) is submitted by Trader A at operation 600. The bid is sent to the bid verifier 151 at operation 610. Bid verifier 151 receives the bid and uses the bid by incorporating the bid in the TPs set by the market designer. At operation 610, the bid verifier determines whether the bid is acceptable. If the bid satisfies the minimum standards for an acceptable bid established by the market designer, the bid is verified as an acceptable bid and is placed into the order book/clearer 154 at operation 640. If the bid fails to meet these minimum standards, the bid is rejected and Trader A is notified that his bid is unacceptable. Information manager 152 notifies Trader A by transmitting the rejection to Trader A at operation 625. Similarly, proxy bidder 509 may also submit a bid to the bid verifier 151. This bid undergoes the same process as listed above. The trader(s) who submitted the proxy

bid is notified through the information manager 152 as to whether the proxy bid is acceptable or is unacceptable.

IN THE CLAIMS

Claims 8 and 14 are cancelled.

The claims have been amended as follows.

1   1.   (Amended) A universal auction system having a programmable auction

2   server, the programmable auction server comprising:

3   a plurality of auction modules wherein at least one auction module

4   corresponds to at least one function of an auction selected from the group consisting

5   of a bid verifier, an information manager, a clearer, a registration manager, a bid

6   transformer, and a proxy bidder, the bid transformer implements one of

7   predetermined discriminating allocation market protocols and arbitrarily

8   established discriminating allocation market protocols.

1   2.   (Amended) The programmable auction server as in claim 1, further

2   comprising:

3   auction modules wherein at least one auction specification module performs

4   at least one transaction selected from the group [comprising] consisting of a bid

5   verification transaction, an information management transaction, a clearing

6   transaction, a bid transformation transaction, and a registration transaction.

1   5.   (Amended) The programmable auction server as in claim 1, at least one

2   phase comprising an interval in which at least one transaction occurs, the

3   transaction is selected from the group [comprising] <u>consisting of</u> submitting a bid,

4   admitting a bid, withdrawing a bid, and replacing a bid.

1   9.   (Amended) The universal auction system as in claim [8] <u>22</u>, the market

2   specification console further comprising a plurality of rules wherein at least one

3   rule is user-modifiable.

1   15.   (Amended) A method of designing a universal auction system comprising:

2   generating a plurality of auction modules <u>in a programmable auction server,</u>

3   wherein at least one auction modules corresponds to at least one function of an

4   auction selected from the group [comprising] <u>consisting</u> of a bid verifier, an

5   information manager, a clearer, and a registration manager;

6   [specifying a plurality of rules wherein a transaction comprises at least one

7   rule;] and

8   implementing at least one transaction selected from the group [comprising]

9   <u>consisting</u> of a bid verification, <u>and a bid transformation,</u> [information

10   dissemination, clearing, and registration of information]<u>, wherein the bid</u>

11   <u>transformation is based upon one of predetermined discriminating allocation</u>

12   <u>market protocols and arbitrarily established discriminating allocation market</u>

13   <u>protocols</u>.

         Claims 22 and 23 have been added.